

Ameriprise loses top producer to LPL

Zhang leaves to work as a fee-based adviser

By **Bruce Kelly**

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Ameriprise Financial Inc. has experienced the defection of another top representative, this time a leading producer in its franchisee group, to **LPL Financial**.

Charles Zhang, who has consistently been Minneapolis-based Ameriprise's No. 1 producer this decade, left the firm Jan. 2 to become affiliated with LPL of Boston and San Diego.

"We think LPL's platform is a better fit for us," said Mr. Zhang, the managing partner of Zhang Financial of Portage, Mich. "We like to have an open platform."

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Mr. Zhang said he thinks that the greater variety of investment choices on LPL's platform will give his firm a better opportunity to work with clients as a fee-based adviser.



Mr. Zhang said he thinks that the greater variety of investment choices on LPL's

"We are trying to build a true fee-based practice," he said. "I want to carry a true fiduciary duty for my clients."

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Charles Zhang: New platform will provide more investment choices.

financial planning, training and its training of reps, a common criticism of the company has been the lack of depth in its platform, and its reliance on proprietary or home-grown products.

Though company executives disagree, observers have said Ameri-prise's

platform simply doesn't stack up (*InvestmentNews*, May 29).

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Mr. Zhang said that his firm controls about \$800 million in client assets, with half those managed directly by his firm and the other half managed outside the firm.

His departure comes at a sensitive time for Ameriprise. The firm is becoming more aggressive in its pursuit of independent-contractor reps, and in November, it hired Matt Kelly from **WRP Investments Inc.** of Youngstown, Ohio, to lead its recruiting of independent advisers.

Ameriprise is "trying to grow in different territories, with its eye on the independent side," said Jodie Papike, vice president of Cross-Search, a Jamul, Calif., recruiting firm for independent reps and executives. "They know they weren't really competitive on the independent side."

Mr. Zhang isn't the only big-name producer recently to leave Ameriprise, which has three brokerage platforms that total 12,000 advisers and reps. The platforms include one for franchisees, one for employees and a separate firm, **Securities America Inc.** of Omaha, designed for independent-contractor reps.

In November, Securities America lost one of its biggest-producing reps, Raymond J. Lucia and his eponymous company, to **First Allied Securities Inc.** of San Diego (*InvestmentNews*, Dec. 10).

At the time, an industry source pegged his company's production at \$15 million, while records at the **Securities and Exchange Commission** indicate that its advisory business had \$264 million in assets and 2,049 client accounts.

PICKOFF PLAY

Losing Mr. Zhang on the franchisee side, which is akin to the independent model, comes when Ameriprise is gearing up to pick off independent-contractor reps from firms such as LPL.

Along with hiring Mr. Kelly, Ameriprise is continuing to attempt to court outside recruiters with deep ties to the independent-contractor business to gain ground there, industry observers said.

Still, Ameriprise feels good about its franchisee business.

"Our overall franchisee retention and retention rates are as high as they've ever been," said Chris Reese, a company spokesman.

Figures provided by the company show growth in the number of reps and advisers in its franchisee platform. Last year, Ameriprise had 7,712 such reps and advisers, an increase of about 2% from 2006.

Meanwhile, the firm has been cutting back on the number of employee reps. Last year, it employed 2,541 reps and advisers, down about 17% from the 2006 level.

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